



## **Impact of Customer Relationship Practices on Customer Satisfaction in SMEs in Jaffna district during pandemic condition**

**V. Kumaradeepan**

Department of Marketing, Faculty of Commerce & Management, University of Jaffna, Sri Lanka.

### **ABSTRACT**

In today's highly competitive economy, maintaining long-term relationships with consumers is a major challenge for all firms. Therefore, better understanding of customers and their needs is a very primary step. The aim of the study is to find out the impact of Customer Relationship practices on Customer Satisfaction in the pandemic of Small and Medium enterprises in Jaffna district. The research study setting is an inductive approach of qualitative method. Data were gathered using the grounded theory qualitative method with adopting a well-structured interview method. There were 10 customers selected using theoretical sampling technique. Twelve tactics are used by marketers to keep customers in small and medium industries. Customer relationship upgrading capability, customer orientation strategies, customer value creation, customer contact programs, and Loyalty promotions are among the top 05 methods that consumers favour out of the total of 10. Customers in the Jaffna district tend to favour customer value creation strategies. Therefore, in order to retain customer satisfaction and long-term client relationships, SMEs need to focus more on their customer value development approach than the competitor institutions. Future research can analyse how large-scale sectors affect the study's variables, which will aid marketers in creating fresh marketing plans based on demographic characteristics to acquire a competitive edge.

**Keywords:** CRM, Customer Satisfaction, CRM practices and SMEs

*Corresponding* [kumaradeepan@univ.jfn.ac.lk](mailto:kumaradeepan@univ.jfn.ac.lk)

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### **1. Introduction**

Every organization's manager has a responsibility for knowing and improving knowledge and getting information about Customer Relationship Management practices. Therefore, poor Customer Relationship Management (CRM) practices lead to a lack of customer satisfaction (Khan et al 2022). According to Rather, & Sharma (2017) Customer satisfaction is performing a major role for the success of the SME sector. Customer satisfaction leads to retaining existing customers and acquiring new customers to the company. In order to stay competitive in a business environment, industries need to understand how to retain existing customers, how to acquire new customers, and how to satisfy the customer's expectations through providing their services. Implementing successful Customer Relationship Management practices are the best way to retain existing customers and acquire new customers to the SME through customer satisfaction.

SMEs sector in Jaffna district is the most competitive sector with fast growth in the Jaffna business environment due to the new entrance of new organizations. Therefore, it is very difficult for organizations to stay top on the

organizational competition in the Jaffna district business environment. And also, other large scale sectors facilities well to the Customers. Therefore, most of the customers move into other financial industries for enjoying other benefits. Following a 30-year civil war, the general population adapted their livelihood to survive as poor people in the post-war setting. Developing SMEs has been extremely difficult over the last three decades of civil war (Vijayakumar, 2013).

Customers are switching from the organizations. SMEs face difficulties in maintain the customer base. According to Gourinchas et al, (2020) Mostly SME sector failing consider customer services, customers complaint and failing spend time to solve customers' problem. Therefore, customer services and satisfaction level are very low in the SME sector. Customers are demanding every day but SME based products not fulfil their needs and not provide best services to their customers. Therefore, dissatisfied customers leave from the industry and move into other industries. It is leads to failure of achieving organizational goals and objectives. Successfully implementation of Customer Relationship Management (CRM) practices can be enhanced customer satisfaction (Sofi et al, 2020). However, it is not easy task due to some challenges.

The main problem of the study is identify the reasons for customer turn over and keep customers without switching. Therefore, SME sectors are not considering the customer concern and the customer care. And also, they facing problem about how attract new customers and retain existing customers through customer relationship management practices in order to enhance customer satisfaction (Azzam, 2014). In order to thrive in their businesses who run SMEs in Sri Lanka use entrepreneurial marketing techniques (Shanmugathas 2021).

But there is very limited researches on Customer Relationship Management practices and customer satisfaction in SME sector. Only few organizations know the impact of Customer Relationship Management practices on customer satisfaction (Azzam, 2014). In Jaffna district most of the SME sectors are failed to successfully implement Customer Relationship Management practices

There are a many studies that were conducted to find out the impact of Customer Relationship Management and its practices on Customer Satisfaction in many countries. And most of those findings may not match with Sri Lankan context due differences such as cultural and geographical. Also the context of SMEs in Sri Lanka is also not the same as in the other countries. Addition to that, SMEs in Sri Lanka are quite different compared to other countries. Even though the current pandemic situation COVID and post COVID create more necessity in the selected context as effect of Customer Relationship practices on Customer Satisfaction among the SMEs. Therefore the present study undertakes to fill the gap to find out the effect of Customer Relationship practices on Customer Satisfaction among SMEs Sri Lanka (Renu 2020).

## **2. Literature Review**

### **Customer Relationship Management**

Organizations are adopting some tools, strategies, techniques, programs and adopt effective customer relationship management as well as understanding customers behaviours in order to create effective relationship with their customers (Dalayeen, 2017). Customer Relationship Management practices are applying necessary to create long term relationship with their customers in order to achieving organizational goals (Dalayeen, 2017). Customer relationship upgrading capability, customer orientation strategies, customer value, Customer contact programs, Customer interaction management practices and Customer relationship Management (CRM) technology are some practices for managing relationship with their customers (Angamuthu, 2015). And also, some Customer Relationship Management (CRM) techniques are interaction management, Relationship development, Quality of services, Behaviour of the employees and physical environment (Maryanti et al 2020). These elements are help to enhance the customer satisfaction.

Customer relationship management (CRM) is a crucial organizational tool that improves customer satisfaction and loyalty over the long term between businesses and consumers. CRM has been extensively studied in past research on the hospitality and tourist industries. Additionally, the results indicated that customer relationship management (CRM) affects organizational structures differently since each firm can develop a different customer relationship strategy (Khan et al. 2022).

CRM stands for customer relationship management. It is a concept "based on the principle of leveraging a combination of customers and marketing for relationship building." (Cunningham, 2003)

Dowling, (2002) argued that the most effective strategy to win clients' loyalty is to establish a relationship with them. Client loyalty is the degree of consideration given to purchases made under a specific trademark. Businesses like banks, insurance firms, and other service providers are aware of the benefits of CRM and how it can help them attract new clients, keep hold of existing ones, and increase client lifetime value.

As a result, businesses are developing plans to keep customers and retraining staff to focus more on providing excellent customer service (Long, 2013). The purpose of a corporation nowadays is to not only serve their clients, but also to compete in the market to reach their objectives (Long, 2013). Customer retention is frequently seen as being mostly determined by customer satisfaction (Szymanski, 2000) (Jain, 2002) Suggested that focusing on a customer-centric strategy in both organizational and marketing tactics and maintaining customer loyalty are an organization's top priorities.

### **Customer Satisfaction**

Highly competitive business environment creates higher need to enhance customer satisfaction. Customer satisfaction is the goal of any organizations in the manufacturing organization as well as service organizations like financial sector organizations. Satisfied customers are greatest assets of the organizations to facing business world competition. Customer satisfaction means meet customer's needs and wants and fulfil customers' expectations (Bin-Nashwan and Hassan, 2017). Customer satisfaction is contributing positively to the organizational success. Customer satisfaction is the main element to retain existing customers and implement sustainable growth. High level of customer satisfaction leads customer to come again to the company and satisfied customers recommend to others to get the service. And also, retaining potential customers and attracting new customers is to mostly contribute organizational success ((Bin-Nashwan and Hassan, 2017).

The disproof of the expectation paradigm maintains that customer loyalty is influenced by satisfaction (Oliver, 1980). In more detail, consumer contentment with the company's goods and services contributes to their increased faith in the caliber of the goods. Customers of this type are more inclined to make subsequent purchases from the same business. Client happiness and customer loyalty are positively correlated, as previous studies in many industries have revealed (Ali et al., 2016). In the hotel business, past research has demonstrated a favourable correlation between customer happiness and loyalty. However, numerous studies have only examined the relationship between consumer satisfaction and conative behavior toward the product (Chitty et al., 2007), cognitive behavior, and other types of activity.

By combining technology, processes, and people, customer relationship management guarantees the ties with customers in order to improve the organization's market share. CRM is to keep customers, boost their satisfaction, and improve revenue for the business. According to Long et al (2013), the key component of a successful CRM implementation is maintaining customer happiness. In the present business world, handling consumers effectively and efficiently is unquestionably necessary for every competitor who wants to increase his market share (Hassan et al 2015).

Ibrahim, (2015) stated that maintaining a close contact with clients necessitates strong cooperation between the marketing and information technology (IT) teams. Dowling, (2002) as a result, many businesses utilize a variety of tools, technology, and processes to promote customer relationships and increase sales. It is impossible to overstate the significance of customer happiness since satisfied customers operate as virtual walking billboards for the business (Cunningham, (2003). It is asserted that keeping current clients is simpler than acquiring new ones.

### **CRM and customer Satisfaction**

To satisfy customer requirements and elevate perceived customer values, the majority of firms today have adopted a customer-centred attitude. Thus, implementing customer-centric tactics targeted at preserving and improving connections with current clients is crucial for sustainability (Krishnamoorthy and Srinivasan, 2013). Customers who are really satisfied with a business are more likely to make larger, more regular purchases as well as purchase more products and services from that business. Instead of retaining and pleasing the current client base, many businesses place more emphasis on acquiring new customers. The retention of current consumers has, however, surpassed the acquisition of new ones in importance as a result of the intense competition among businesses. Companies have recently discovered that building a successful brand is more important than completing a single transaction (Jha et al 2017).

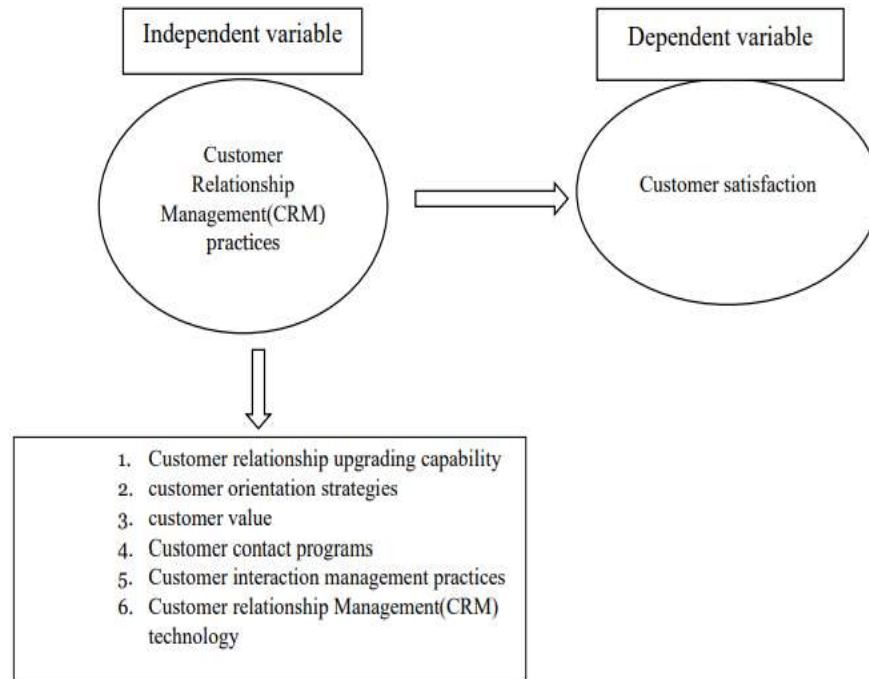
A happy client will always contact a service provider. CRM is a structure that guarantees client pleasure. CRM is a methodical procedure for creating enduring relationships with customers by ensuring their complete happiness. The company actively takes the required actions to encourage satisfaction. In order to access and retain pleased consumers in order to maintain competitive advantages in the market, maintaining the necessary degree of customer satisfaction demands proactive corporate responsiveness (Rahman and Redwanuzzaman, 2014).

Customer satisfaction is positively impacted by CRM effects. Customer satisfaction will inevitably rise in a business with a strong CRM strategy, while customer discontent will rise in the absence of such a plan. Customer happiness is impacted by CRM elements as well. Information technologies that are sound, dependable, tailored, etc., have a favorable impact on consumer satisfaction. CRM can effortlessly communicate with clients while meeting their expectations by employing contemporary communication media. Customer satisfaction will increase if consumer expectations are met (Laksmana et al, 2018).

### **3. Research Methodology**

The research study setting is inductive approach of qualitative method. Data were gathered using the grounded theory qualitative method with adopting well structure interview method. Grounded theory refers to a set of systematic inductive methods for conducting qualitative research aimed toward theory development. The term grounded theory denotes dual referents: (a) a method consisting of flexible methodological strategies and (b) the products of this type of inquiry.

## Conceptual Framework



**Figure 1: Developed model**

This study used theoretical sampling technique to select informants based on their ability to provide an understanding of the phenomenon. Theoretical sampling is a non-random sampling scheme. Its purpose is to obtain a deeper understanding of the issues, and develop explanations and theory rather than provide generalizations (Corbin and Strauss 2008). Primary data have been collected through in-depth interviews as qualitative methods. Questions were kept open ended where opinion was sought and the respondents have something to tell from their experience. This was done to give scope to the respondents to express themselves freely. 10 customers of Small medium enterprises (SMEs) in Jaffna district were selected to collect the data for the study. Data were collected and recorded perfectly and analysis those qualitative data into meaning full finding.

## 4. Results and Discussion

As per the interview discussion with 10 customers, found following CRM effective strategies summarised which are in practice among SMEs in Jaffna district. Data and opinions of the following respondents were summarised as the below.

**Table 1: Summery of interview**

<b>Respondent</b>	<b>Suggestions</b>
Respondent 01	Sales promotion, customer value creation, customer orientation strategies, Loyalty promotions
Respondent 02	value creation, customer relationship upgrading capability, customer contact programs
Respondent 03	customer orientation strategies, customer interaction management practices, Modern technology
Respondent 04	Loyalty promotions, Modern technology, customer value creation, customer contact programs
Respondent 05	customer interaction management practices, customer relationship upgrading capability, customer orientation strategies
Respondent 06	customer relationship upgrading capability, customer contact programs, Loyalty promotions
Respondent 07	customer contact programs, customer value creation, customer interaction practices
Respondent 08	customer orientation strategies, social responsibility, customer relationship upgrading capability
Respondent 09	Sales promotion, Social responsibility, Ethical marketing, customer contact programs, Loyalty promotions
Respondent 10	customer orientation strategies, customer interaction management practices, customer value creation

(Source: Survey Data)

As per the analysis there top ten CRM practices were notices which were practice by the Small and medium enterprises (SMEs) in Jaffna district. Which are Customer Relationship upgrading capability, Customer orientation strategies, Customer value creation, Customer contact programs, Customer interaction management practices, Loyalty promotions, Modern technology, sales promotion, social responsibility, and Ethical marketing.

Among those top ten Customer Relationship Management Practices customer relationship upgrading capability, customer orientation strategies, customer value creation, customer contact programs, and Loyalty promotions are major influencing five practices found by analysis.

## 5. Conclusion

In order to retain customer satisfaction and long-term client relationships, Small and medium enterprises (SMEs) in Jaffna district need to focus more on their customer value development approach than the competitor institutions.

Future research can analyse how large scales sectors affect the study's variables, which will aid marketers in creating fresh marketing plans based on demographic characteristics to acquire a competitive edge

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